

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 IGA-02 IO-13 L-03 H-02 ACDA-07 OMB-01 TRSE-00

AID-05 EB-07 /083 W
----- 037491

P 090612Z SEP 76
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 9320
INFO SECDEF WASHDC PRIORITY
CINCUNC SEOUL PRIORITY
COMUSKOREA PRIORITY

S E C R E T SECTION 1 OF 2 SEOUL 7124

JOINT EMBASSY/JUSMAG MESSAGE

E.O. 11652: GDS
TAGS: MASS, S, US
SUBJECT: REPORT TO CONGRESS UNDER SECTION 688 OF THE FOREIGN
ASSISTANCE ACT OF 1961, AS AMENDED

REF: STATE 172409 (DTG 130133Z JUL 76)

BEGIN SECTION 3

B. ASPECTS OF THE PROGRAM

31. (U) FUNDING. FROM FY50 TO THE PRESENT, APPROXIMATELY
\$5.1 BILLION IN SECURITY ASSISTANCE HAVE BEEN PROVIDED TO
THE REPUBLIC OF KOREA TO SUPPORT ITS DEFENSE EFFORT. THIS
ASSISTANCE HAS BEEN IN THE FORM OF GRANT AID (GA), EXCESS
DEFENSE ARTICLES (EDA), AND FOREIGN MILITARY SALES (FMS)
CREDITS. IN ADDITION, APPROXIMATELY \$1.2 BILLION IN
MILITARY ASSISTANCE SERVICE FUNDS (MASF) WERE PROVIDED FROM
FY66 THROUGH FY73 TO OFFSET ADDITIONAL COSTS INCURRED BY
THE ROK TO SUPPORT THEIR TWO DIVISIONS IN VIETNAM; HOWEVER,
THESE DID NOT DIRECTLY CONTRIBUTE TO ROK FORCES MODERNIZA-

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TION.

32. (U) THE PORTION OF THE TOTAL DEFENSE EFFORT IN KOREA PROVIDED BY THE U.S. IN FY66 WAS 85 PERCENT. THIS DECREASED STEADILY TO 12 PERCENT IN FY76; TWO-THIRDS OF THAT 12 PERCENT WAS IN THE FORM OF FMS CREDIT TO BE PREPAID BY THE ROK.

33. (U) FROM FY50 TO FY70, GRANT AID, EDA AND U.S. BUDGET SUPPORT FUNDS (PL 480 AND MSAF) CONSTITUTED 100 PERCENT OF THE U.S. SUPPORT OF THE KOREAN DEFENSE EFFORT.

34. (U) FROM FY71-FY73, GRANT AID, EDA AND U.S. BUDGET SUPPORT FUNDS STILL ACCOUNTED FOR THE MAJOR SHARE OF US SUPPORT, ALTHOUGH THE RELATIVE ROLE OF U.S. FUNDING DECLINED DURING THAT PERIOD A SMALL AMOUNT OF FMS CREDIT WAS PROVIDED STARTING IN FY71, AND THE ROK STARTED TO PURCHASE DEFENSE ARTICLES FROM THE U.S. UNDER THE FMS CASH SALES PROGRAM. USE OF FMS CASH WAS ACCOMPANIED BY THE COMPLETE PHASE-OUT OF GA SUPPORT OF O&M COSTS AT THE END OF FY73. IN THE FY71-FY73 TIME PERIOD, THE ROK ALSO OBTAINED A LARGE QUANTITY OF EDA THROUGH PL91-652. A RESULT OF THE WITHDRAWAL OF THE 7TH INFANTRY DIVISION FROM KOREA. WHILE THIS PROGRAM PROVIDED REQUIRED DEFENSE HARDWARE TO THE ROK, IT FURTHER COMPLICATED THE FORCE MODERNIZATION BECAUSE OF THE HIGH COST OF REFURBISHING AND MAINTAINING THIS OLD EQUIPMENT.

35. (U) FROM FY74 TO FY76 GRANT AID AND EDA SUPPORT DECLINED SHARPLY. US BUDGET SUPPORT WAS COMPLETELY PHASED OUT BY THE END OF FY73. HOWEVER, THE U.S. PROVIDED AN INCREASING AMOUNT OF FMS CREDIT AND THE ROKG ITSELF STARTED TO PROVIDE AN INCREASING AMOUNT OF FMS CASH TO COVER THEIR O&M REQUIREMENTS.

36. (U) BY FY77, THE ENTIRE U.S. SUPPORT EFFORT SHOULD BE IN THE FORM OF FMS CREDIT PLUS A SMALL AMOUNT OF GRANT-TYPE FUNDS FOR PCH&T, TRAINING UNDER IMETP AND EDA. SINCE FMS CREDIT WILL EVENTUALLY BE REPAID WITH INTEREST, THE ROK WILL BE FUNDING ESSENTIALLY 100 PERCENT OF THEIR DEFENSE COSTS IN FY77 AND BEYOND. AT THE SAME TIME THE ROKG IS MAKING INCREASING USE OF COMMERCIAL CREDITS FOR DEFENSE

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PURCHASES.

37. (S) HOWEVER, AS INDICATED ABOVE, THE ROK'S ABILITY TO FINANCE THE FOREIGN EXCHANGE REQUIREMENTS OF ITS CONTINUING HEAVY DEFENSE BURDEN IS LIMITED. WHILE THE PERCENTAGE OF KOREAN GNP DEVOTED TO DEFENSE IS INCREASING, FOR THE NEXT SEVERAL YEARS THE ROK WILL LOOK TO THE U.S. FOR CONTINUED FMS CREDITS (ESTIMATED AT \$300 MILLION

PER YEAR) TO FUND SELECTED ITEMS OF THE FORCE IMPROVEMENT PLAN WHICH SUPPORT U.S. OBJECTIVES IN THE ROK.

38. (U) MATERIEL. THE FIRST MILITARY/CONSTABULARY FORCES ORGANIZED IN KOREA AT THE CONCLUSION OF WORLD WAR II WERE EQUIPPED WITH REMNANTS FROM THE JAPANESE ARMY AND SURPLUS U.S. MILITARY ITEMS AVAILABLE IN THE PACIFIC AREA. AS THE KOREAN FORCES WERE BUILT-UP PRIOR TO 1950, THE U.S. CONTINUED TO SUPPLY THEM WITH OUTDATED WORLD WAR EQUIPMENT. FOLLOWING THE KOREAN WAR, THE KOREAN FORCES WERE BUILT UP AND AGAIN EQUIPPED WITH U.S. MATERIEL. THE KOREAN MILITARY FORCES HAVE THUS BEEN CONDITIONED TO THE NEARLY EXCLUSIVE USE OF U.S. MILITARY EQUIPMENT.

39. (S) THERE HAVE BEEN SOME THIRD COUNTRY PURCHASES, INCLUDING SOME IN EARLIER YEARS WITH U.S. FUNDING. MORE RECENTLY THE ROK HAS PURCHASED TWO WEAPONS SYSTEMS (OERLIKON ANTI-AIRCRAFT GUNS AND EXOCET ANTI-SHIP MISSILES) FROM OTHERV COUNTRIES BECAUSE THE REQUIRED WEAPONS WERE NOT READILY AVAILABLE FROM THE U.S.

40. (U) THE ROK GOVERNMENT HAS ESTABLISHED DEFENSE INDUSTRIES TO PRODUCE SUCH ITEMS AS SPARE PARTS, RIFLES, SMALL CALIBER AMMUNITION AND TACTICAL COMMUNICATION EQUIPMENT, WITH PLANS TO EXPAND PRODUCTION CAPABILITY TO PRODUCE LARGER CALIBER WEAPONS, VEHICLES, HELICOPTERS, AND NAVAL VESSELS. THESE PRODUCTION PROGRAMS HAVE BEEN HEAVILY DEPENDENT ON U.S. TECHNOLOGY AND TECHNICAL ASSISTANCE. THEY HAVE PROGRESSED FROM THE INITIAL STAGES WHERE ALL U.S.- PROVIDED COMPONENTS WERE ASSEMBLED IN THE ROK TO THE POINT WHERE PIECE PARTS FOR THE PROGRAMS ARE MANUFACTURED IN-COUNTRY.

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AID-05 EB-07 /083 W

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P 090612Z SEP 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 9321

INFO SECDEF WASHDC PRIORITY

CINCUNC SEOUL PRIORITY

COMUSKOREA PRIORITY

S E C R E T SECTION 2 OF 2 SEOUL 7124

JOINT EMBASSY/JUSMAG MESSAGE

41. (U) SUBSEQUENT EXPANSION OF THE ROK DEFENSE INDUSTRY WILL NOT ONLY REQUIRE ADDITIONAL RELEASE OF U.S. TECHNOLOGY BUT THE PRESENCE OF TECHNICAL REPRESENTATIVES TO ASSIST IN THE INITIAL INTRODUCTION OF THAT TECHNOLOGY. SINCE EQUIPMENT ALREADY ON HAND IS NEARLY ALL OF U.S. ORIGIN, THE ROK REMAINS HEAVILY DEPENDENT ON THE U.S. FOR PRODUCTION OF PARTS OR FOR THE TECHNOLOGY NEEDED TO PRODUCE THEM IN KOREA.

42. (U) U.S.-PRODUCED MATERIEL IS PROVIDED THROUGH THE MILITARY ASSISTANCE PROGRAM UNDER FMS CASH SALES AND CREDITS, AS WELL AS THROUGH SUPPLY SUPPORT ARRANGEMENTS (SSA), WHICH ALLOW THE ROK TO BUY ITEMS FROM THE U.S. DEFENSE AGENCIES' SUPPLY SYSTEMS. BY INVESTING IN AN SSA, THE ROK BECOMES A FULLY PARTICIPATING MEMBER OF THE US SUPPLY SYSTEM AND IS ABLE TO AVOID, IN MOST CASES, THE ADMINISTRATIVE COMPLICATIONS AND PROCUREMENT LEAD TIME EXPERIENCED IN OTHER METHODS OF PROCUREMENT. HOWEVER, ONE DIFFICULTY IS THAT ONLY END ITEMS CURRENTLY IN THE US INVENTORY CAN BE SUPPORTED THROUGH AN SSA, AND THE ROK IS HAMPERED BY ANTIQUATED EQUIPMENT IN THIS REGARD ALSO.

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43. (U) SERVICES. THE LONG STANDING RECORD OF SECURITY ASSISTANCE SERVICES IN KOREA HAS BEEN AND CONTINUES TO BE ONE OF INTENSE, HIGH-LEVEL EFFORT. AT THE END OF WORLD WAR II, A U.S. MILITARY GOVERNMENT WAS SET UP IN KOREA TO PROVIDE ESSENTIAL GOVERNMENTAL SERVICES IN THE AMERICAN ZONE OF OCCUPATION. IN THIS CONNECTION A HANDFUL OF SOLDIERS ADVISED IN ORGANIZING, EQUIPPING, AND TRAINING THE NATIONAL POLICE FORCE, THE COAST GUARD, AND A CONSTABULARY TO

ENSURE KOREA'S INTERNAL SECURITY AND TO COUNTER INFILTRATION. AS KOREA BECAME A SELF-GOVERNING REPUBLIC, THE MILITARY GOVERNORS LEFT WHILE THE MILITARY ADVISORS REMAINED TO CONTINUE THE WORK OF BUILDING A REGULAR KORAN ARMY AND NAVY BY TEACHING SUCH RUDIMENTARY MILITARY SKILLS AS TACTICS, OPERATIONS, SUPPLY, AND MAINTENANCE AT SMALL AND LARGE UNIT LEVEL. THESE ADVISORS WERE ON HAND WHEN THE KOREAN WAR ERUPTED AND THEIR NUMBERS QUICKLY GREW, AS THE KOREAN ARMED FORCES WERE EXPANDED.

44. (U) AS KOREAN MILITARY PROFESSIONALISM GREW, THE ADVISORY ROLE SHIFTED AWAY FROM ONE OF UNIT LEVEL ADVICE IN THE FIELD APPLICATION OF TACTICS, SUPPLY, MAINTENANCE, AND ADMINISTRATION, TO BECOMING MORE AND MORE ONE OF ASSISTANCE. BY 1971, THE SECURITY ASSISTANCE PROGRAM IN KOREA HAD BECOME ONE OF INTEGRATED ASSISTANCE TO THE TOTAL FORCE WITH PARTICULAR EMPHASIS ON THE KINDS OF ASSISTANCE WHICH WOULD DEVELOP KOREAN EXPERTISE IN MIDDLE AND UPPER LEVEL RESOURCE MANAGEMENT.

45. (U) ASSISTANCE, NOW GIVEN AT EACH SERVICE'S MAIN LOGISTICS CENTER, STRESSES THE DEVELOPMENT OF MANAGEMENT POLICIES, PROCEDURES, AND TECHNIQUES. AT THE MINISTRY OF NATIONAL DEFENSE, ASSISTANCE IS GEARED TO THE DEVELOPMENT OF COMPREHENSIVE NATIONAL-LEVEL RESOURCE MANAGEMENT SYSTEMS, EMBRACING, PLANNING, PROGRAMMING, AND BUDGETING; ACQUISITIO AND PROCUREMENT PROCEDURES; LOGISTICS, MAINTENANCE, AND SUPPLY; TRAINING; AUTOMATIC DATA PROCESSING; QUALITY ASSURANCE; AND RESEARCH AND ENGINEERING FOR DEFENSE INDUSTRIAL DEVELOPMENT. AT EACH OF THE ROK SERVICE HEADQUARTERS, THE ASSISTANCE EFFORT EMPHASIZES THE DEVELOPMENT OF POLICIES, PROCEDURES, AND TECHNIQUES FOR SIMILAR PURPOSES.

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POSES.

46. (U) THE MAN-YEAR EFFORT CURRENTLY BEING UNDERTAKEN IS SHOWN IN THE FOLLOWING CHART:

LEVELS OF EFFORT
(DIRECT MAN-YEARS)

FUNCTION	MINISTERIAL SERVICE DEPOT		
1. DEVELOPMENT OF PLANNING			
PROGRAMMING, AND			
BUDGETING SYSTEMS	12.7	8.6	0
2. DEVELOPMENT OF MANAGEMENT			

POLICIES, PROCEDURES, AND

TECHNIQUES 6.6 6.0 0

A. ACQUISITION 6.6 6.0 0

B. PROCUREMENT 2.2 0 0

C. LOGISTICS 17.6 10.9 9.1

D. MAINTENANCE 3.1 0 9.1

E. SUPPLY 3.2 0 11.8

F. TRAINING 5.2 3.1 0

G. ADP 1.1 1.7 2.8

H. QUALITY ASSURANCE 1.4 0 2.9

I. FOREIGN MILITARY SALES 10.1 6.7 7.3

3. DEVELOPMENT OF RESEARCH,

DEVELOPMENT AND ENGINEERING

SUPPORT 9.8 0 0

4. GOVERNMENT-TO-GOVERNMENT

LIAISON 3.0 0 0

TOTALS 79 37 43

END OF SECTION 3 MORE TO FOLLOW.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, US CONGRESSIONAL HEARINGS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SEOUL07124
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760340-0634
From: SEOUL JOINT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760977/aaaacnzq.tel
Line Count: 300
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 76 STATE 172409
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 09 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 MAR 2004 by morefirh>; APPROVED <27 SEP 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORT TO CONGRESS UNDER SECTION 688 OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED
TAGS: MASS, KS, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006